GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:764
ANSWERED ON:28.07.2005
RECASTING OF OIL SECTOR
Gaikwad Shri Eknath Mahadeo;Jai Prakash Shri ;Pallani Shamy Shri K.C .;Ponnuswamy Shri E.;Singh Shri Kirti Vardhan;Tripathy Shri Braja Kishore;Yaskhi Shri Madhu Goud

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Union Government has set up any Committee to examine of options for recasting the oil sector for synergy among state owned companies;

(b) if so, whether the Committee has submitted its report to the Government;

(c) if so, the suggestions/recommendations made by the Committee; and

(d) the action taken by the Government thereon?

Answer

MINISTER OF PETROLEUM & NATURAL GAS & PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) Yes, Sir;

(b) & (c) The Committee have submitted its report with recommendations on policy and structural changes and also suggested certain management solutions for improved performance of the oil companies in the public sector. Some of the major recommendations are:

1. Merger of Oil Public Sector Undertakings (PSUs) may not be advisable for the present.

2. On policy issues, there is need for an integrated energy policy, setting up of Cabinet Committee on Energy headed by the Prime Minister and setting up of an Energy Ministry. The Committee has also recommended revamping of the existing framework of supervision and overview by various surveillance agencies like Central Vigilance Commission by setting up of pre-investigation Board with former PSUs Chiefs, Government and Private Sector representatives.

3. For empowering Directorate General of Hydrocarbons as an autonomous body with a separate cadre of experts and access to funds.

4. For overseas ventures, to set up a parallel new entity by Oil India Limited. Intense competition in oversea bidding is to be avoided by fixing up a limit related to the production capacity of more than 2 million tonnes of oil equivalent for OVL, below which the other new entity would be permitted to bid.

5. Another recommendation of the Committee relates to setting up of a National Shareholding Trust, modeled after Temasek of Singapore and Khazanah of Malaysia, but with a modification. The oil PSUs joining the Trust shall continue to retain their PSU character and the Trust shall function as non-profit Trust set up under the Societies Registration Act or under the companies Act or as a statutory body. The Board of the Trust will comprise eminent personalities from Government, Public Sector and Private Sector. The Committee expects that the greater autonomy to the Trust would ensure synergy in operations.

(d) The recommendations are under consideration of the Government.